

Message Text

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TO USDOC WASHDC
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AMCONSUL BELIZE
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AMCONSUL MONTERREY
AMEMBASSY PANAMA
AMEMBASSY QUITO
AMEMBASSY SAN JOSE POUCH
AMEMBASSY SAN SALVADOR
AMEMBASSY TEGUCIGALPA
USCONS MEXICO POUCH

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FOR WELCH, BED/OIM

E.O. 11652:N/A
TAGS.: BEXP,MX
SUBJECT: HEAVY CONSTRUCTION & MINING EQUIP. EXH., NATIONAL
AUDITORIUM, MEXICO CITY, FEB. 21-24, 1978

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1. SUMMARY: VISUALLY IMPRESSIVE EXH. OF 1,200 TONS OF
CONSTRUCTION & MINING EQUIP. VALUED AT OVER \$50,000,000
WAS SUCCESSFUL PROMOTION OF U.S. EQUIP. & SYSTEMS TO
2,321 CUSTOMERS, PROSPECTIVE SLS. REPRESENTATIVES &
MANUFACTURERS, 271 FROM OUTSIDE MEXICO CITY METRO AREA,
INCLUDING SEVERAL THIRD COUNTRY VISITORS.
INAUGURATION OF EVENT BY DCM HERBERT THOMPSON,

ACCOMPANIED BY PRESIDENT & VICE PRES. OF MEXICAN & CONSTRUCTION CHAMBERS RESPECTIVELY, DREW GOOD MEDIA COVERAGE, AS DID EXH. AS WHOLE.

IMMEDIATE SLS. TOTALED \$1,531,681, (NTM\$308,031, OTM\$1,223, 650) & PROJECTED SLS. WERE \$40,374,500, (NTM-\$15,406,000, OTM-\$24,868,500). NUMEROUS FIRMS REPORTED EXTRAORDINARILY GOOD RESULTS & MADE FAVORABLE COMMENTS ABOUT EXH. EXHIBITORS RECEIVED INFORMATIVE BRIEFING FROM AMERICAN CHAMBER OF COMMERCE ON MEXICAN ECONOMY, MINING LEGISLATION & MARKET CONDITIONS. REPEAT OF THIS THEME IS RECOMMENDED FOR 1980 OR 1981.

2. HEAVY CONSTRUCTION & MINING EQUIP. EXH. WAS VISUALLY IMPRESSIVE DEMONSTRATION OF ADVANCES MADE BY U.S. MANUFACTURERS IN THIS AREA EXH. INCLUDED ALL BUT TWO OF U.S.' LARGEST MFRS. THIS EQUIP. AS WELL AS NUMEROUS SMALLER SUPPLIERS. DISPLAY INCLUDED 1,200 TONS OF EQUIP., RANGING FROM CRANES, CRAWLERS, TRUCKS & DREDGES TO COMPUTERS IN FLOOR SPACE TOTALING 70,000 SQ. FT. VALUE OF EQUIP. DISPLAYED EXCEEDED \$50,000,000. FULLY EXTENDED BOOMS SOME OVER 150 FT., AGAINST BACKDROP OF TREES OF CHAPULTEPEC PARK & ENORMOUS U.S.A. LOGO ON AUDITORIUM FACADE, BACKED UP BY PROMOTION CAMPAIGN BASED ON UNIQUE ATTRACTION OF GREAT NUMBER & VARIETY OF MACHINES, GENERATED INTENSE MARKET INTEREST & EXCELLENT SLS. PROJECT OFFICER MARY UNCLASSIFIED

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WIENING, WHO WAS PRESENT AT EXH., IS TO BE CONGRATULATED ON EXCELLENT JOB OF RECRUITING BALANCED & INTERESTING EXH., PARTICULARLY CONSTRUCTION SEGMENT. TDY EXHIBIT CONSTRUCTION MGR. CARL HAHN EQUALLY DID OUTSTANDING JOB OF GETTING EQUIP. PLACED & CONSTRUCTION FINISHED ATTRACTIVELY, EFFICIENTLY & ON TIME.

3. EXH. DREW EXCELLENT TRADE & GENERAL NEWS MEDIA. HIGHLIGHTING EXH. INAUGURATION WAS PARTICIPATION OF EMBASSY'S CHARGE HERBERT THOMPSON, JOINED BY MEXICAN MINING ASSOCIATIONS PRES. ING. JUAN MORALES DORIA & MEXICAN NATIONAL ASSOC. OF CONSTRUCTION INDUSTRIES VICE PRES. MIGUEL ANGEL SALINAS. ALL OF WHOM JOINED IN CEREMONIAL RIBBON CUTTING & CHAMPAGNE TOAST.

4. MEXICAN BUYER RESPONSE TO EXH. GAVE CLEAR EVIDENCE OF RECOVERING STRENGTH OF MEXICAN CONSTRUCTION & MINING INDUSTRIES. AFTER A YEAR OF UNCERTAINTY & SHARPLY REDUCED ACTIVITY BROUGHT ON BY 1976 PESO DEVALUATION, TIGHT CREDIT CONDITIONS & CUSTOMARY NEW ADMINISTRATION PLANNING PERIOD, NEW & REVIVED CONSTRUCTION PROJECTS IN EVIDENCE THROUGHOUT MEXICO, LED BY NEW MEXICO CITY HOTELS, OFFICE BUILDING &

SUBWAY EXPANSION, PEMEX OIL TOWNS, PIPELINES & REFINERY
CONSTRUCTION & RENEWED PUBLIC WORKS ACTIVITY.

5. MINING INVESTMENT HAS BEEN ASSISTED BY JAN. 1 CHANGE IN
MEXICAN TAX CODE WHICH REDUCED CONFISCATORY TAX LOAD ON
SEVERANCE, EXPORTS & INCOME. WITH EYE ON BETTER CASHFLOW
& PROFIT PROSPECTS, NEW & EXPANDED MINING PROJECTS BY BOTH
ESTABLISHED & NEW INVESTORS WILL REQUIRE MORE & BETTER
EQUIP.

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6. ATTENDANCE TOTALED 2,321, OF WHICH ABOUT HALF WERE
CONSTRUCTION CO. EXECUTIVES, ARCHITECTS, ENGINEERS &
TECHNICIANS, EIGHT PERCENT WERE FROM MINING FIRMS & 11

PERCENT WERE FROM VARIOUS MEXICAN GOVERNMENT AGENCIES, SUCH AS THE FEDERAL ELECTRICITY COMMISSION, PEMEX, & THE SECRETARIATS OF AGRICULTURE & HYDRAULIC RESOURCES, & HUMAN SETTLEMENTS & PUBLIC WORKS. IN ADDITION THERE WERE OVER 300 UNCLASSIFIED

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AGENTS & DIST. & SOME 150 MANUFACTURERS OF CONSTRUCTION & MINING EQUIP. IN RESPONSE TO THE DESIRE OF MANY EXHIBITORS TO FIND LOCAL SLS. REPRESENTATION, LICENSEES OR JOINT VENTURE PARTNERS. ABOUT 11 PERCENT OF THE TOTAL WAS FROM OUTSIDE THE MEXICO CITY AREA, INCLUDING FOUR VISITORS FROM ENGLAND, THREE FROM GUYANA, TWO EACH FROM JAPAN & SWEDEN & ONE EACH FROM ARGENTINA, BRAZIL, FINLAND, GUATEMALA, ITALY, NORWAY, SPAIN & VENEZUELA. THERE WERE 27 NON-EXHIBITOR VISITORS FROM THE U.S. OF THE 225 MEXICAN VISITORS FROM 27 STATES OUTSIDE THE MEXICO CITY METRO AREA, THERE WERE 42 FROM THE STATE OF MEXICO, 31 FROM PUEBLA, 24 FROM JALISCO, 22 FROM HIDALGO, 16 FROM NUEVO LEON & 12 FROM GUANAJUATO.

7. SLS. RESULTS WERE EXCELLENT WITH 66 EXHIBITORS HAVING RECEIVED 2,062 SLS. LEADS FOR IMMEDIATE SLS. OF \$1,531,681 & 12 MONTHS PROJECTED SLS. OF \$40,374,500.

8. THERE WERE NUMEROUS SUCCESS STORIES:

A. AUTO CRANE CO., A NEW-TO-MARKET FIRM TRANSFERRED \$7,636 WORTH OF ITS EXHIBIT TO ITS AGENT & PROJECTED SLS. OF \$200,000 WORTH OF ITS SMALL TRUCK MOUNTED CRANES OVER THE FOLLOWING 12 MONTHS. STEVE ODEN, EXPORT DIV. MGR. COMMENTED THAT THE SHOW "OFFERED EXCELLENT SLS. OPPORTUNITIES & WAS EXTREMELY WELL ORGANIZED". HE CHARACTERIZED THE MEXICAN MARKET AS A "PLUM RIPE FOR THE PICKING". MR. ODEN COUNTED THE EVENT "A TOTAL SUCCESS" & FOUND THE TIMING PERFECTLY IN LINE WITH MEXICO'S "PETROLEUM EXPANSION & ECONOMIC RECOVERY". (CLEARED FOR PUBLICATION)

B. CATERPILLAR AMERICAS CO., & OLD-TO-MARKET FIRM, REPORTED SLS. OF \$200,000 & PROJECTED SLS. OF \$300,000 OVER FOLLOWING 12 MONTHS ON BASIS OF 10 LEADS FOR HIS FIRM'S UNCLASSIFIED

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WELL KNOW LINE OF HEAVY EARTHMOVING EQUIP. CHARLES G. FARNUM, SLS. REP., BELIEVED SHOW "WELL RUN" & THAT "EVERYTHING POSSIBLE TO ENCOURAGE CIRCULATION OF ATTENDEES TO EXHIBITS WAS DONE." (CLEARED FOR PUBLICATION).

C. ALF SORENSON, VICE PRES. ELLICOTT MACHINE CORP.,
REPORTED EIGHT LEADS FOR HIS OLD-TO-MARKET FIRM'S
DREDGES & EXPECTED TO BE ABLE TO SELL \$1,000,000 WORTH
OVER THE FOLLOWING 12 MONTHS. MR. SORENSON FOUND "GOOD
EXPOSURE" FOR HIS SOPHISTICATED EQUIP. & SAID THAT
AS A RESULT OF HIS PARTICIPATION HE HAD FOUND OUT ABOUT
A MAJOR NEW DREDGING PROJECT IN THE STATE OF TABASCO.
HE CHARACTERIZED THE SHOW AS "ONE OF THE BEST" TRADE
CENTER EXHIBITIONS. (CLEARED FOR PUBLICATION)

D. JACK OTTO, SR. VICE PRES. BROWN & SITES, EXPORT AGENTS
FOR GETMAN CORP., A NEW-TO-MARKET CO., FOUND A READY
MARKET FOR GETMAN'S "MULES", TRANSPORT EQUIP. FOR
SUBSURFACE MINES. MR. OTTO FOUND THE EXH. "WELL & WELL
RUN" & "EXCELLENT COOPERATION". HE PROJECTED SLS. OF
\$200,000 ON THE BASIS OF FIVE LEADS OBTAINED DURING THE
EXH. (CLEARED FOR PUBLICATION)

E. JOHN ABOLINS, DIST. REP. OF GROVE INT'L. CORP.
REPORTED EXCEPTIONAL INTEREST IN HIS FIRM'S HYDRAULIC
CRANES & FORKLIFTS. THERE WERE 75 REQUESTS FOR
QUOTATIONS, \$200,000 IN IMMEDIATE SLS. & \$1,000,000 IN SLS.
PROJECTIONS. MR. ABOLINS SAID "THE FIRST DAY WAS
EXCEPTIONAL IN THE NUMBER OF ATTENDEES AND THE DEPT. OF

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COMMERCE SHOULD BE COMPLIMENTED ON THE WAY EVERYTHING WAS
HANDLED". (CLEARED FOR PUBLICATION)

F. WABCO'S MEXICAN DISTRIBUTOR, DISTRIBUIDORA DE EQUIPOS
DE CONSTRUCCION, RECEIVED THE TRANSFER OF A \$58,165 - 35
TON OFF-ROAD TRUCK & PROJECTED SLS. OF \$5,000,000
OVER THE NEXT 12 MONTHS, AN EXPRESSION OF BOTH GOOD SHOW
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RESULTS -- 50 LEADS -- AND FAITH IN THE MEXICAN SURFACE
MINING & HEAVY EARTH MOVING MARKETS. THEY COMMENTED
THAT THEY COULD HAVE USED MORE SPACE FOR DEMONSTRATION
PURPOSES. (CLEARED FOR PUBLICATION)

G. THOMSEN DIV. OF ROYAL INDUSTRIES WAS ONE OF THREE FIRMS
EXHIBITING TRUCK-MOUNTED CONCRETE PUMPS. THESE PUMPS, WITH
ENORMOUS BOOMS EXTENDED, ATTRACTED GREAT DEAL OF BUYER
INTEREST. THOMSEN REPORTED IMMEDIATE SLS. OF \$500,000 AS
WELL AS 150 LEADS WHICH THEY EXPECTED TO RESULT IN
ADDITIONAL \$500,000 IN NEXT YEAR. FREDERICK H. AVILA,
THOMSEN'S LATIN AMERICAN DIR., REPORTED FULLY ACHIEVING
HIS OBJECTIVE OF EXPOSING THIS NEW PRODUCT LINE TO THE
MEXICAN MARKET. (CLEARED FOR PUBLICATION)

9. FOR SECOND TIME TRADE CENTER ARRANGED WITH AMERICAN
CHAMBER OF COMMERCE OF MEXICO TO PRESENT BREAKFAST
BUSINESS BRIEFING TO EXHIBITORS. ALTHOUGH COVERAGE OF THE
TOPICS WAS NECESSARILY BRIEF, EXHIBITOR REACTION WAS
TYPIFIED BY SUCH COMMENTS AS "HIT ALL HIGHLIGHTS", "TOLD
IT LIKE IT IS", VERY VALUABLE INFO.", "COULD NOT THINK
OF ANYTHING TO BE ADDED OR TAKEN AWAY." (GERALD H. REINERT,
PRES., REINERT MFG. CO.) & SEVERAL "EXCELLENT DISCUSSION",
"WELL DONE", ETC. FROM OTHER ATTENDEES. GIVEN EXCELLENT
RESPONSE TO BRIEFING, WE PLAN TO MAKE THEM PERMANENT
FEATURE OF USTC'S SERVICES TO EXHIBITORS.

10. GENERALLY OUTSTANDING RESULTS OF THIS EXH. LEAD US TO

RECOMMEND REPEAT OF THIS THEME IN TWO OR THREE YEARS.
GIVEN EXCELLENT MARKET PROSPECTS THEME MIGHT BE CONSIDERED
AS ALTERNATE FOR ANY SHOW SCHEDULED FOR WINTER MONTHS
THAT RESEARCH TURNS UP TO BE WEAK DURING NEXT TWO YEARS.
BECAUSE OF NATURE OF EQUIP. SHOW SHOULD REMAIN OFFSITE,
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PERHAPS IN CITY OTHER THAN MEXICO, &, GIVEN EXTRA COSTS
INVOLVED, DEFINITELY AT HIGHER CONTRIBUTION.

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